



# City of Williams

## IMPORTANT INFORMATION REGARDING THE UTILITY RATE INCREASE EFFECTIVE JULY 13, 2015

### NEW MONTHLY WATER & SEWER RATES EFFECTIVE JULY 13, 2015 (NOT INCLUDING TAX)

| In-City Residential                         | In-City Commercial                           | Monthly Sewer Rates   |
|---|--|---|
| 0-1,000 Gallons: \$ 12.73                   | 0-1,000 Gallons: \$ 45.73                    | Residence: \$ 45.00   |
| 1,000 - 9,999 Gallons (per 1000): \$ 7.38   | 1,000 - 9,999 Gallons (per 1000): \$ 10.38   | Commercial: \$ 55.00 or 170% of water charge - (whichever is greater) |
| 10,000 – 20,000 Gallons (per 1000): \$ 7.66 | 10,000 – 20,000 Gallons (per 1000): \$ 10.66 |   |
| For Each additional 1,000 Gallons           | For Each additional 1,000 Gallons            |   |
| After 20,000 Gallons: \$ 7.94               | After 20,000 Gallons: \$ 10.94               |   |

July 2015 billing will consist of 2 billing cycles. The first cycle will be at the current rate and run from June 23<sup>rd</sup> through July 13<sup>th</sup>. The second cycle will be at the new rate and will run from July 14<sup>th</sup> through July 23<sup>rd</sup>. Both bills will be due on the normal due date of August 15, 2015. August 2015 billing and subsequent billings will continue as normal at the new rates.

As part of the 2015 budget process, the Williams City Council approved utility rate changes that will increase customers' monthly charges for water and wastewater services. Below are answers to some frequently asked questions:

### Why do the rates need to be increased?

For a variety of reasons, the water and wastewater utilities do not generate enough revenue to cover costs of providing those services. For years, the electric utility has had to subsidize the water and wastewater utilities, just to cover normal operating costs at the rate of about \$2,000,000 per year. Taking money from one utility to subsidize another to just barely cover operating costs is not a sustainable plan for the future of our community. Our utility systems have come to the point that significant capital improvements are now necessary just to ensure their continued sustainability. These repairs and improvements will cost many, many millions of dollars. While this rate increase will not generate anywhere near the amount needed to make all the needed repairs and improvements immediately, the increase will allow us to begin making strategic investments in our most critical utility system needs.

### What projects will this rate increase help fund?

The list of critical projects is long. Towards the top of the list are projects that will help stabilize our water supply. Over the last year, the City has spent more than \$4,000,000 on developing or rehabilitating water wells. Those unexpected expenditures represent about 1/4<sup>th</sup> of the City's annual budget. Securing a stable water supply will continue to require millions of dollars in investment. Planned projects in the wastewater utility will continue to significantly reduce the amount of potable water needed to treat wastewater. In the electric fund, major projects such as the recently constructed new substation north of I-40 will ensure our aging electric system will be able to serve our needs into the future.

### Is the City just raising utility rates as a way to fund other programs and services?

The city's utility funds are established as "enterprise funds" that can only be used for utilities purposes. Each of these utility funds (including electric, water, wastewater) are essentially separate businesses within the City. Since these public services are not funded by tax dollars, they are supported by utility rates and fees paid to these "enterprise funds." That means that each "business" is supposed to support itself by generating enough revenue to cover the costs of providing that service. Raising rates is one of several steps to make sure that the water and wastewater utility supports itself. Even with this rate increase, the electric utility will continue to subsidize the water and wastewater utilities with about \$1,100,000 per year. This means that customers will still not be paying the full cost of those services. Even after the meter replacement project is completed (see below), the water and wastewater fund will run an anticipated deficit of approximately \$700,000 per year.

### **Is the city pursuing other avenues for revenue, such as grant funding or fees on new development?**

Yes, the city actively pursues a wide range of additional funding sources whenever available. Grant funding is limited and generally awarded through a competitive process. The City is also working to reinstitute impact fees, which are fees on new development, after changes to State Law forced us to stop collecting them about a year ago. If significant funding from these sources is received, it could help offset future rate increases or allow future projects to be completed sooner. However, these revenues only pay for one-time improvement projects, and do not help with ongoing operating costs. In the next two years, planned projects that will utilize grant or impact fee funding include storage tank replacement, electric line replacement, and water efficiency projects. These projects represent over \$500,000 in grant/impact fee funding that has been secured by the City. These projects, which all require matching funds from the City, are among several of our most critical needs projects.

### **How much will my monthly bill increase?**

The average residential account uses 5,000 gallons of water per month. The typical residential utility bill will increase from \$66 per month to \$87 per month for water and sewer, a total increase of about \$21 per month. The average commercial account uses 30,000 gallons of water per month. A typical commercial utility bill will increase from \$498 per month to \$954 per month for water and sewer service, a total increase of about \$456 per month.

### **What about the meter replacement project I read about?**

The City is working to complete a total water meter system replacement as part of our effort to address our water issues. Almost every water meter in the City will be replaced as part of this project over the next 4-5 months. This “grant” funded project is a major step towards addressing our 40% water loss problem. If you haven’t been following this issue, the water system loses approximately 40% of the potable water we produce. This loss can be attributed to leaks and under-reading meters. Think of it this way- could your business afford to not collect 40% of its revenues and survive. This lost revenue is estimated between \$300,000 and \$400,000 per year. By replacing the old, inaccurate meters with new accurate meters, we expect to significantly reduce the amount of lost revenue. Those currently lost revenues can then be reinvested back into the utility. At the same time, because approximately 40% of the water we use is essentially wasted, any efforts to reduce that waste will help stabilize our water supply. After your meter is replaced, you may notice an increase in the amount of water your bill shows you used, and subsequently your water bill. This is because, probably for the first time in years, the meter is now accurately measuring the amount of water you use. Your old meter, after years in service, was likely under-reading your usage. By accurately capturing usage, we hope to reduce our 40% water loss and, at the same time, encourage water conservation.

### **I live on a fixed income. Does the City offer any programs that can help offset the increase?**

The City does offer a discount program for its customers age 62 and older. The program reduces the refuse portion of the utility bill and may be able to partially offset the increase in water and sewer rates. Contact City Hall for more information.

### **I still have more questions. Where can I find more information?**

A complete analysis was published by the City and is available at City Hall or on the City website at [www.williamsaz.gov](http://www.williamsaz.gov). You can also call (928) 635-4451 or visit City Hall for more information.